“”“”

USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 10/2/2003

GAIN Report Number: FR3055

France

Cotton and Products

Annual

2003

Approved by:
Kurt Seifarth
U.S. Embassy

Prepared by:
Xavier Audran

Report Highlights:
In MY 2002/2003, French raw cotton imports decreased sharply to 77,000 MT and are expected to further decrease in MY 2003/2004. No major rebound is expected in the French textile industry. The bulk of imports come from the Commonwealth of Independent States (CIS), mainly Uzbekistan. Cotton yarn and fabric production are expected to remain sluggish in CY 2003. French imports of U.S. raw cotton remained at a very low level but U.S. cotton also enters France in the form of fabrics and textile items, since U.S. clothing brands are very popular in France.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Paris [FR1]
[FR]

Table of Contents

Executive Summary

French imports of raw cotton decreased sharply in MY 2002/2003 to 77,000 MT. It seems that traders and manufacturers lowered their stocks of raw cotton, which had increased last MY, in addition to the difficult economic situation of the French yarn and textile industry. A further decrease is expected for MY 2003/2004. The bulk of imports come from the Commonwealth of Independent States (CIS), mainly Uzbekistan. French imports of U.S. raw cotton remain very low.

Preliminary data for CY 2003 show that yarn production declined significantly. The decline was seen in both cotton and synthetic fibers.

Fabric production declined in CY 2002 and no rebound is expected for CY 2003.

The apparent consumption of all textile items (i.e. calculated by balance between production, imports and exports) decreased in CY 2002. This trend is due to a large decrease in domestic textile production not compensated for by larger imports. On the other hand, data show that consumption of textile items made of cotton fibers grew by 1 percent in CY 2002.

French total textile imports increased slightly in CY 2002 due to the increased price competitiveness of imported textile goods. Exports also increased. Part of those exports are textile items which are finished in developing countries while the remaining are high-value textile items sold to developed countries.

Exports of U.S. raw cotton to France remain very low, U.S. cotton, cotton products and textile (HS code 50 to 63) exports to France in CY 2001 were USD 111 million. The decrease from the previous year was mainly due to the high value of the dollar which made U.S.-made products less price competitive. U.S. fashion, mostly sportswear and casual wear, remain popular in France. Most U.S. textile brands are selling well. However, most items sold under U.S. owned brands are manufactured in low production-cost countries, mainly Mexico and Latin America, Asia and Eastern Europe.

The Cotton Council International participates in several Paris fabric trade shows such as Premiere Vision.

Internet Links

http://www.textiliens.net/index_fr.asp the portal of the French textile Industry

Raw cotton, outlook

French imports of raw cotton decreased sharply in MY 2002/2003 to 77,000 MT and no rebound is expected for MY 2003/2004. It seems that traders and manufacturers lowered their stocks of raw cotton which had increased the previous MY. The lack of competitiveness of the French textile industry will, in the long term, impact negatively on raw cotton imports. The bulk of imports will continue to come from Uzbekistan. U.S. exports of raw cotton, already almost negligible, are not expected to grow significantly in France due to its lack of price competitiveness.

Yarn, Outlook

After a jump in CY 2000 due to depleted stocks in CY 1999, yarn production decreased significantly in CY 2001 and 2002. Morever, preliminary results show a significant decrease in yarn orders starting in the beginning of CY 2003, probably indicating a further production decrease this year. Yarn imports also declined in CY 2001 and CY 2002 showing the growing recession in the French fabric industry.

*Note that artificial fiber production continued to decrease in CY 2002 : a supply/cost study shows a growing gap between European (and American) artificial fiber and Asian fiber, which has lowered the competitiveness of yarn and fabric production in Europe.

Yarn Production (MT)

	1998	1999	2000	2001	2002
Cotton	94,964	88,959	97,407	80,107	71,872
Synthetic	50,396	45,336	45,779	36,865	28,533

Source: Industrie Française du Coton et des Fibres Alliées.

Yarn Trade (MT)

	Imports			Exports		
	CY2000	CY 2001	CY 2002	CY2000	CY 2001	CY 2002
Cotton yarns	60,700	57,361	51,426	23,340	20,114	20,755
Synthetic yarns	72,127	63,976	55,218	33,752	27,869	24,454

Source: Industry Française du Coton et des Fibres Alliées.

Fabric, Outlook

Fabric production declined in CY 2002. No Rebound is expected for CY 2003 and CY 2004.

Fabric production (MT)

	1998	1999	2000	2001	2002
Cotton	86,828	80,141	N/A	N/A	70,830
Synthetic	30,341	29,654			21,776
TOTAL	117,169	109,795	108,888	103,156	92,606

Source: Industry Française du Coton et des Fibres Alliées.

Fabric Trade in CY 2000, CY 2001 and CY 2002 (MT)

	Imports			Exports		
	CY 2000	CY 2001	CY 2002	CY 2000	CY 2001	CY 2002
Cotton Fabric	96,959	106,446	93,243	96,221	105,492	92,595
Synthetic fabric	44,205	40,390	35,121	65,409	56,825	50,384

Source: Industry Française du Coton et des Fibres Alliées.

*Note that, by volume, cotton fabric imports outpace exports, by value, French fabric exports are 1.5 times larger than imports. France exports high quality (and high value) fabric and imports lower quality fabric.

Textiles, Outlook

It is difficult to assess precisely the real level of textile consumption. However, the apparent consumption of all textile (i.e. calculated by balance between production, imports and exports) appeared to have decreased in CY 2002. This trend is due to a large decrease in domestic production not compensated for by larger imports. On the other hand, data shows that consumption of textile items made of cotton fibers grew by 1 percent in CY 2002.

French total textile imports increased slightly in CY 2002 due to the increased price competitiveness of imported textile goods. French textile exports also increased. Part of those exports are textile items which are finished in developing countries while the remaining are high-value textile items sold to developed countries.

French total textile trade in CY 2001 and CY 2002 (USD) (HS code 50 to 63) (thousands USD)

Partner Country	IMPORTS		Partner Country	EXPORTS	
	2001	2002		2001	2002
World	17,729,531	18,234,186	World	11,736,107	12,200,494
Belgium	2,387,802	2,524,167	Belgium	1,238,235	1,342,581
Italy	2,383,168	2,395,269	Germany	1,333,230	1,252,352
Germany	1,609,054	1,626,678	Italy	1,098,959	1,105,198
Tunisia	1,045,767	1,133,604	United Kingdom	896,800	966,107
China	971,821	1,110,785	Spain	850,221	927,926
Morocco	984,568	968,377	Tunisia	673,712	687,474
Spain	820,352	881,718	United States	544,739	546,914
Turkey	643,827	741,947	Morocco	472,687	486,317
Netherlands	718,861	699,917	Portugal	403,982	416,963
Portugal	595,401	599,290	Netherlands	412,102	395,530
United Kingdom	617,692	522,596	Japan	393,697	390,063
India	498,844	516,860	Switzerland	346,485	367,781
Romania	325,814	382,928	Poland	214,350	233,023
Bangladesh	314,808	330,767	Romania	210,142	225,776
Mauritius	242,459	251,317	Hong Kong	205,347	220,896
Austria	237,047	244,302	Turkey	103,252	138,334
Poland	182,328	209,634	Greece	127,263	133,816
South Korea	205,055	206,775	Bulgaria	106,996	122,591
Pakistan	170,474	183,676	Saudi Arabia	97,676	114,406
Switzerland	176,156	179,242	Russia	79,034	106,374
Bulgaria	145,401	157,752	Hungary	92,533	96,618
Hungary	115,395	140,092	Austria	97,446	94,257
Indonesia	147,733	126,807	Sweden	89,614	88,936
Japan	131,037	126,135	China	71,961	84,047
Hong Kong	150,602	124,799	Korea, South	76,156	81,898
Greece	103,618	114,520	Denmark	97,813	79,669
United States	121,947	111,807	Luxembourg	65,022	74,678

(Source World Trade Atlas)

Policy, Outlook

By May 2004 in Europe, 10 more countries will join the European Union: Poland, Hungary, Czech Republic, Slovakia, Slovenia, Cyprus, Malta, Estonia, Latvia and Lithuania. Since those countries have production costs, which are lower than in France and in the other EU countries, one could see higher textile imports from those countries flowing into France after they join the EU. For the French textile industry, it could also lead to higher exports of high-value items as income and living standards in the joining countries are expected to rise.

The Barcelona process launched in November 1995 aims at creating a free-trade zone between the EU, Turkey and North Africa by 2010-2012. this is expected to boost exports of textile items from those countries into the EU. The French textile industry has already invested heavily in Morocco and Tunisia to prepare for the free-trade zone.

After January 1st, 2005, textile quotas will be abolished. Textile products will be traded freely. It will be a difficult challenge for the French textile industry, which faces high production costs. Moreover, domestic laws, such as the law setting a maximum of 35hrs of labor per week per worker, is further increasing French textile production costs. On the other hand, French textile companies will benefit from increased labor flexibility, allowing them to use their machines for a longer period of time and respond more quickly to customer demand. According to the French Federation of the Textile Industry, a solution to the greater competition, which will occur from trade liberalization, comes from better quality, an enhanced reaction to consumer demand and fashion trends and modernization of machines and plants. The Federation also calls for true and fair competition between producers and for better protection of laborers' rights in developing countries. The French Federation also hope that, despite the failure of the Cancun Ministerial, the Doha round will open all third countries markets with customs duties equal or below 15 percent.

The French textile industry also supports the eco-labeling of the textiles, which are environmentally friendly and socially progressive.

The French textile industry also launched in 2002, R2ITH, an industrial network of textile innovation, funded by the French Ministry of Industry: centered around 8 strategic regional poles such as fashion, non-conventional uses, clever fabrics and new marketing strategies, it aims at funding at least 20 R&D projects per year.

French position on African Cotton Issue
In May 2003, four cotton-producing countries in Africa (Benin, Burkina Faso, Mali and Chad), which are all formers French colonies, launched a sectorial initiative on cotton, with the aim of reducing poverty. The French Ministry of Foreign affairs (MFA) fully supports the initiative, which fits within the French President's proposals for supporting Africa's development. France helped fun the travel of African diplomats and cotton experts to the Cancun Ministerial. In its statement, MFA explicitly blames U.S. marketing loans and export credits as a cause for major cotton market disturbances.
For an overall view on the French position, see:
http://www.cooperation.gouv.fr/solidarite/agriculture/init_sectorielle/index.html

Trade Agreements
As a member of the European Union, France applies the EU textile agreement with Eastern European countries, as well as with other exporting countries, such as Bangladesh and Pakistan. More Information can be found on the EU web site:
http://europa.eu.int/comm/enterprise/textile/index.htm .

Marketing Opportunities
While exports of U.S. raw cotton remain very low, U.S. cotton textile (HS code 50 to 63) exports to France in CY 2002 were USD 111 million out of a total import figure of USD 18.2 billion. A slight decrease from from 2001 due to the high value of dollar, which made U.S. products less price competitive. U.S. fashion, mostly sportswear and casual wear, remains very popular in France. Most U.S. textile brands are selling well. However, most items sold under U.S. owned brands are manufactured in low production-cost countries, mainly Mexico and Latin America, Asia and Eastern Europe. No information is available on the share of U.S. cotton, yarns and fabric used to manufacture those clothing items. U.S. Department of Commerce (www.doc.gov) is providing export assistance to U.S. companies willing to export U.S. textile items to France.

*Note that French trade data probably underestimate real trade with the United States as items shipped to Antwerp (Belgium) and which clear customs at the port are counted in French Customs data as imports from Belgium, not from the United States.

French Imports of U.S. Textile items in CY 2001 and 2002

Commodity	Description	Thousand U.S. Dollar	
		2001	2002
all textile	all textile items inc. yarn and fabric	121,947	111,807
59	Impregnated Etc Text Fabrics; Tex Art For Industry	20,118	19,546
62	Apparel Articles And Accessories, Not Knit Etc.	18,506	18,438
63	Textile Art Nesoi; Needlecraft Sets; Worn Text Art	18,877	15,689
61	Apparel Articles And Accessories, Knit Or Crochet	11,865	13,498
54	Manmade Filaments, Including Yarns & Woven Fabrics	18,127	13,350
56	Wadding, Felt Etc; Sp Yarn; Twine, Ropes Etc.	9,638	8,736
55	Manmade Staple Fibers, Incl Yarns & Woven Fabrics	5,252	4,699
60	Knitted Or Crocheted Fabrics	4,262	4,284
52	Cotton, Including Yarn And Woven Fabric Thereof	4,864	4,186
57	Carpets And Other Textile Floor Coverings	5,181	3,663
51	Wool & Animal Hair, Including Yarn & Woven Fabric	2,911	3,231
58	Spec Wov Fabrics; Tufted Fab; Lace; Tapestries Etc	1,983	2,135
50	Silk, Including Yarns And Woven Fabric Thereof	192	219
53	Veg Text Fib Nesoi; Veg Fib & Paper Yns & Wov Fab	164	126

(Source World Trade Atlas)

French Textile Trade shows

Première Vision : 60 000 visitors : www.premierevision.fr
Lingerie : 450 brands www.lingerie-paris.com
Lyon Mode City : 18 500 visitors www.lyonmodecity.com
Tissu premier : 10 000 visitors www.tissu-premier.com
Intersélection : 9 000 visitors www.interselection.net
Expofil : 200 exhibitors, 7000 visitors www.expofil.com
Fil Event : 30 exhibitors, 2 600 visitors www.fil-event.com
Future by Tissu premier : 1400 visitors www.future-tissupremier.com

Statistical Tables

PSD Table							
Country	France						
Commodity	Cotton				(HECTARES)(MT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		08/2001		08/2002		08/2003	MM/YYYY
Area Planted	0	0	0	0	0	0	(HECTARES)
Area Harvested	0	0	0	0	0	0	(HECTARES)

Beginning Stocks	15459	17030	14370	19530	14370	15000	(MT)
Production	0	0	0	0	0	0	(MT)
Imports	90357	90323	81647	77500	76204	73500	(MT)
TOTAL SUPPLY	105816	107353	96017	97030	90574	88500	(MT)
Exports	3266	3250	4355	6800	4355	5500	(MT)
USE Dom. Consumption	87091	84573	76204	75230	70761	69500	(MT)
Loss Dom. Consumption	1089	0	1089	0	1089	0	(MT)
TOTAL Dom. Consumption	88180	84573	77293	75230	71850	69500	(MT)
Ending Stocks	14370	19530	14370	15000	14370	13500	(MT)
TOTAL DISTRIBUTION	105816	107353	96018	97030	90575	88500	(MT)

Export Trade Matrix

Country France

Commodity Cotton

Time Period	Aug-Jul	Units:	MT
Exports for:	2000		**2001**
U.S.	86	U.S.	
Others		Others	
Belgium	2536	Belgium	954
Germany	1264	Switerland	720
Italy	528	Austria	612
Poland	471	Italy	277
Switzerland	372	Poland	166
Philippines	227	Germany	97
India	220	Portugal	84
Romania	162	Taiwan	74
United Kingdom	147		
Total for Others	5927		2984
Others not Listed	662		266
Grand Total	6675		3250

Import Trade Matrix

Country France

Commodity Cotton

Time Period	Aug-July	Units:	MT
Imports for:	2000		**2001**
U.S.	123	U.S.	906
Others		Others	
Uzbekistan	29233	Uzbekistan	29211
Tajiistan	10825	Syria	8839
Belgium	10311	Belgium	7757
Turkmenistan	7737	Tajikistan	7415
Burkina-Faso	5458	Spain	4991
Cote d'Ivoire	4584	Turkmenistan	3770
Kazakhstan	4436	Greece	3602
Syria	3627	Cameroon	3582
Spain	2681	Burkina-Faso	3438
Italy	2556	Kazaksthan	3253
Total for Others	81448		75858
Others not Listed	14780		13559
Grand Total	96351		90323